



# Analysis of Real Estate Market Development Indicators in the Republic of Uzbekistan

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## ABSTRACT

The analysis of indicators of development of the residential real estate market in the Republic of Uzbekistan, the analysis of appraisal organizations and realtor organizations is presented.

## Keywords:

Real estate, valuation, appraisal organizations, apartment, housing, construction.

## Introduction

Today, assessment activities are necessary in all areas of our life. Professional assessment services are used when conducting any processes related to property or when concluding transactions. It provides the basis of information for making economic management decisions, serves for the structural restructuring of the economy.

The president of the Republic is khamokhang in the direction of development and liberalization of the economy in the third direction of the strategy of action on the five priorities of development of the Republic of Uzbekistan in 2017-2021. The construction and reconstruction of 191 multi-apartment houses with an area of 554.8 thousand m<sup>2</sup> in Tashkent and other cities of the Republic is carried out in accordance with the decisions made in the past year to improve the housing conditions of young families, residents of dilapidated houses and citizens of other categories in need of improvement of housing conditions. As a result, 7,919 of the urban families who need improvement in housing conditions as early as this year will be provided with affordable and comfortable housing.

## Analysis and results

The analysis showed a seasonal decline in activity in the real estate market. The demand for housing at the beginning of January and mid-summer, traditionally decreases. By purchasing property during this period of time, buyers can save their money. Another thing to note is that fluctuations in demand in the market are also affected by changes in mortgage rates and new legislation. By spring, activity in the housing market usually recovers.

The KERR have regularly analyzed changes in the demand in Uzbekistan's real estate market. In January 2022, 17.7 thousand real estate contracts were concluded, a decrease of 2.4% compared to the same period in 2021. However, compared to January 2020, the increase was 15%.

Experts believe that activity in the real estate market regularly decreases at the beginning of each year, which is due to the seasonal factors. In January buyers do not usually search for property during New Year holidays and vacations. By spring, activity on the housing market recovers.

In terms of regions, the highest growth rates in January were observed in Kashkadarya

(36.4%), Fergana (16%), Surkhandarya (11.1%) regions.

The decline in the number of transactions in the real estate market was recorded in the

Tashkent region (-17.6%), the Republic of Karakalpakstan (-14.4%), as well as in the capital (-6.7%).

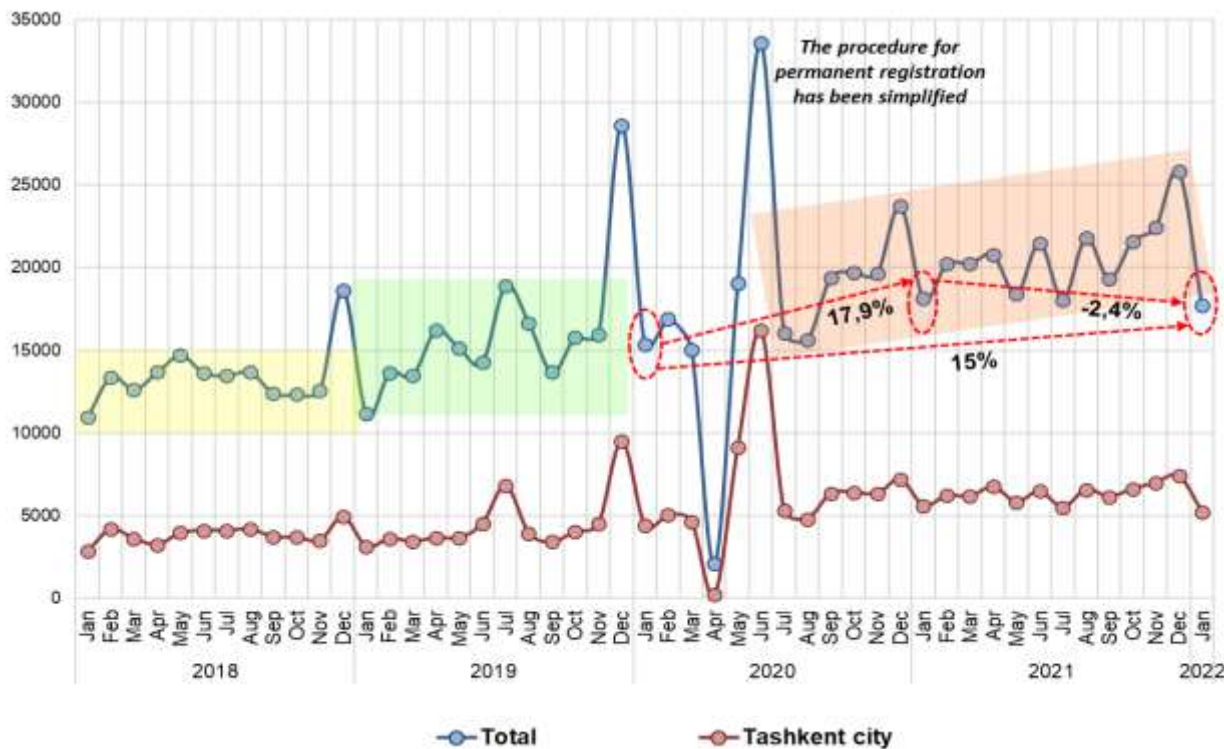


Fig. 1. Index of changes in the number of executed contracts for the purchase and sale of real estate

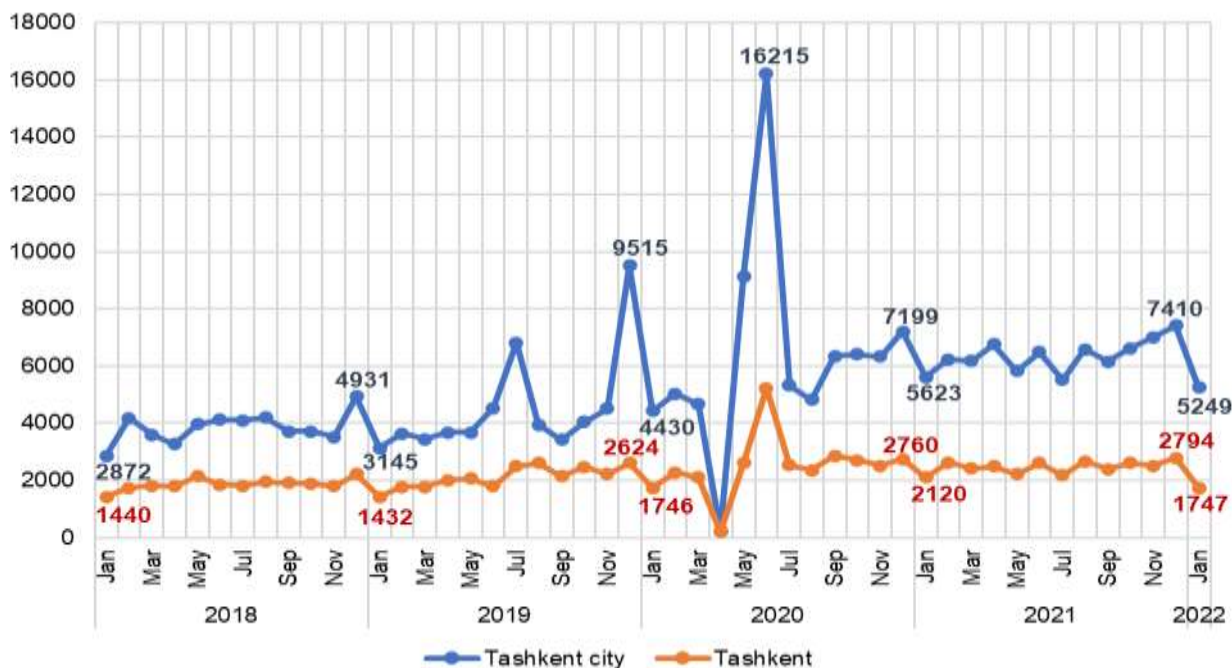


Fig. 2. The number of contracts concluded for the purchase and sale of real estate in Tashkent and Tashkent region

Changes in activity in the secondary housing market

According to the CERR analysis, average housing prices in the secondary market in January increased by 1.4% compared to the

previous month (unchanged in December, in November the growth was 1.2%).

In terms of regions, the highest rates of growth in housing prices were observed in Fergana (5.2%), Andijan (5.0%) and Navoi (4.5%) regions, and in Jizzakh (-4.2%), Surkhandarya (-3.1%), Namangan (-2.3%) and Syrdarya (-2.1%) regions recorded a decrease in housing prices.

Experts note that housing prices in Tashkent increased by 2.4%. The largest increase in housing prices was observed in Mirzo-Ulugbek (5.0%), Mirabad (4.5%) and Yashnabad (4.3%) districts.

Prices decreased slightly in Uchtepa (-1.4%) and Almazar (0.7%) districts of the capital.

According to the Central Bank of the Republic of Uzbekistan, in 2021, the country's commercial banks issued 59.6 thousand mortgage loans for almost 9.8 trillion soums. This figure is 700 billion soums more than in 2020. As of January 1, 2022, the balance of mortgage loans accounted for 35.8 trillion soums.

In January 2021, the average cost of a housing offer in the housing sector (secondary market) in Tashkent was \$ 697/sq.m (monthly growth rate of 0.3%) or 7,322.0 thousand soums/sq. m (the growth rate compared to the previous month was 0.7%). As of January 2021, the capital has a housing price index of \$ 656 /sq.m (with a growth rate of 0.5% compared to December 2020) or 6,891.3,000/sq. m (the growth rate compared to the previous month was 0.9%).

**Table 1.**

**Tashkent City real estate market indicator, 2021**

T/r	Indicator rounds	Unit of measure	Indicator indicator	Change, (%)
1.	Residential real estate value indicator	\$/ kv.m.	771	0,5
2.	Office Value Indicator	USA.doll./kv.m.	900	0,1

Another factor that prevents the increase in supply prices in the secondary market of apartments in Tashkent is active housing construction. In 2020, 125 apartment buildings (8.5 thousand apartments) were commissioned

At this time, another factor began to play an important role in maintaining sufficient housing demand in Tashkent. In June 2020, the Central Bank of Uzbekistan announced that from July 1, 2020 to January 1, 2021, 18% (instead of the previously effective 23-24%) will be considered acceptable interest rates on deposits in the national currency. On September 10, the Central Bank of yesa reduced the basic rate from 15% to 14%. This led to an additional reduction in rates on deposits of individuals in banks of Uzbekistan from October 1 to 17%. Rates have also been reduced for deposits in foreign currency - up to 4% for deposits in the genus of dollars.

Rent payments on buildings and structures (rental fee base rate) are calculated as follows:

$$Bs = Ms \times Kz \times (Ks + Kst + Kk)$$

Here:

**Bs** - 1 sq. base rental rate for mga 1 year;

**Ms** – depending on the type of activity of enterprises, 1 sq. mga minimum rental rate for 1 year.

Rental information in the real estate market is the main source of income-based assessment of the value of real estate. Because the main income of residential and non-residential premises comes from rent. So, the change in the rental of residential premises and non-residential premises in the city of Tashkent, that is, the rental of office buildings, has been analyzed.

In our country, today there are 231 valuation organizations, including international companies, in which more than 1,189 appraisers operate professionally, more than 95,000 property valuation contracts have been concluded. At the same time, the volume of the valuation services market was only 72 billion in 2020. Diagram 1 lists the number of assessment organizations in the cross section of Regions.

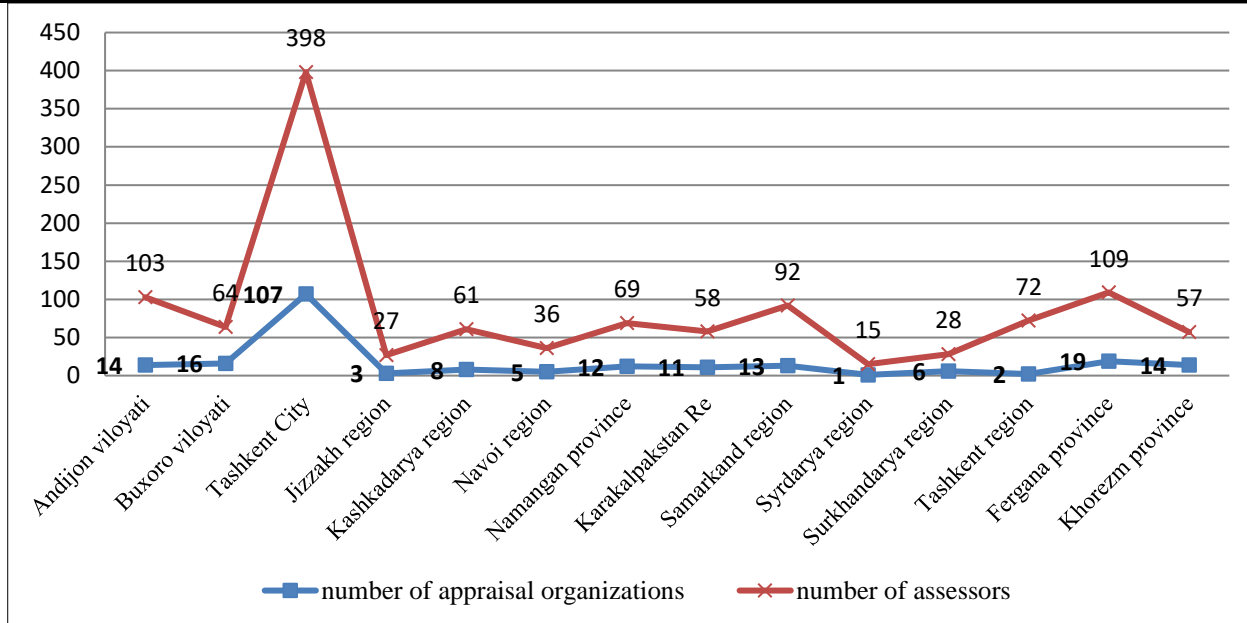


Fig. 3. Evaluation organizations in Uzbekistan

According to the law "on realtor activity", the competent authority in the field of realtor in our country is determined by the Cabinet of Ministers of the Republic of Uzbekistan. Therefore, by the decision of our government of May 10, 2011 "on approval of the regulation on

the licensing of mathematical activities", the licensing of mathematical activities is carried out by the state property Committee of the Republic of Uzbekistan. 2.2. The diagram shows data on Realtor organizations and realtor specialists in 2021.

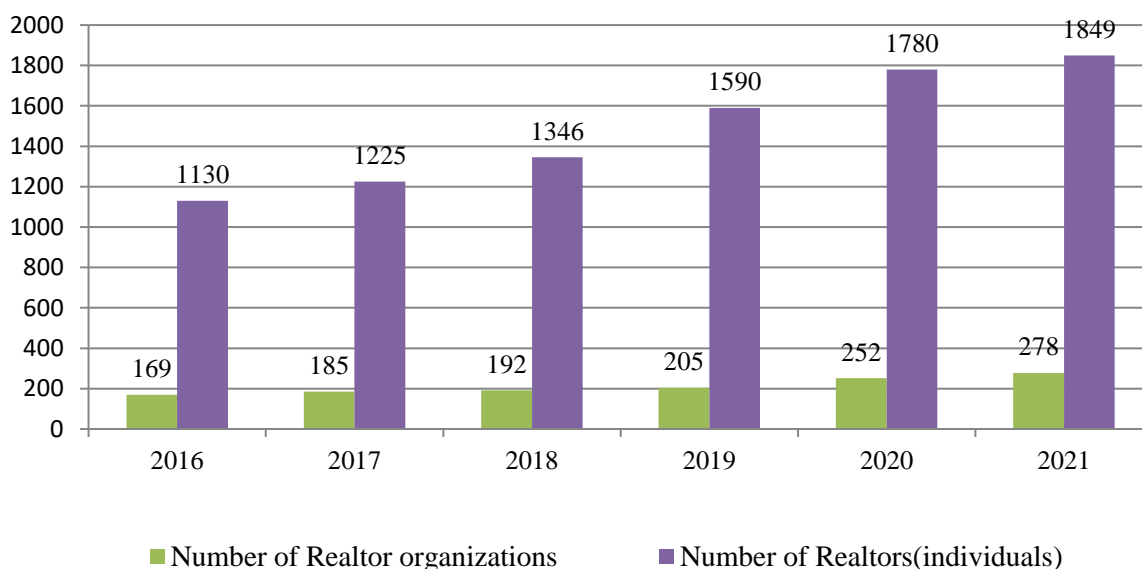


Fig. 4. Development of realtor activity in Uzbekistan

**Conclusion**

Currently, the development of the Realtor Organization, with the goal of further sales, is aimed at creating new real estate objects. This activity is carried out on the basis of cooperation

with investment and construction companies. In conclusion, it is observed with the gradual reform of the economy of the Republic of Uzbekistan, the improvement of market mechanisms of economic activity in the country,

the emergence and development of valuation activities. The state is consistently implementing measures to create its regulatory framework.

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